

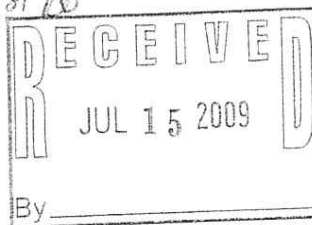
CHULA VISTA ELEMENTARY SCHOOL DISTRICT
COUNTY OF SAN DIEGO
CHULA VISTA, CALIFORNIA

AUDIT REPORT

JUNE 30, 2008

DATE RECEIVED:

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AUDIT REVIEW #(s) 04934

Assigned To: Armstrong

Date Reviewed: 7/23/09

Reviewer's Initials: [Signature]

Date Review(s) Completed: 7/23/09

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Introductory Section

Chula Vista Elementary School District
Audit Report
For The Year Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
 FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	1	
Management's Discussion and Analysis (Required Supplementary Information).....	3	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	13	Exhibit A-1
Statement of Activities.....	14	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	15	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	17	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	18	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	20	Exhibit A-6
Statement of Net Assets - Internal Service Fund.....	21	Exhibit A-7
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Internal Service Fund.....	22	Exhibit A-8
Statement of Cash Flows - Proprietary Funds.....	23	Exhibit A-9
Statement of Fiduciary Net Assets - Fiduciary Funds.....	24	Exhibit A-10
Notes to the Financial Statements	25	
 <u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	40	Exhibit B-1
Charter School Fund.....	41	Exhibit B-2
Cafeteria Fund.....	42	Exhibit B-3
Schedule of Funding Progress - Pension Plan.....	43	
 <u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	44	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	45	Exhibit C-2
 Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	46	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	47	Exhibit C-4

Chula Vista Elementary School District
Audit Report
For The Year Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Debt Service Funds:		
Combining Balance Sheet - Nonmajor Debt Service Funds.....	48	Exhibit C-5
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds.....	49	Exhibit C-6
Capital Projects Funds:		
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	50	Exhibit C-7
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	51	Exhibit C-8
OTHER SUPPLEMENTARY INFORMATION SECTION		
Local Education Agency Organization Structure.....	52	
Schedule of Average Daily Attendance.....	53	Table D-1
Schedule of Instructional Time.....	54	Table D-2
Schedule of Financial Trends and Analysis.....	55	Table D-3
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements.....	56	Table D-4
Schedule of Charter Schools.....	57	Table D-5
Schedule of Excess Sick Leave.....	58	Table D-6
Schedule of Expenditures of Federal Awards	59	Table D-7
Notes to the Schedule of Expenditures of Federal Awards.....	60	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61	
Report on Compliance with Requirements Applicable To each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133.....	63	
Auditor's Report on State Compliance.....	65	
Schedule of Findings and Questioned Costs	67	
Summary Schedule of Prior Audit Findings.....	72	

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Financial Section

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Independent Auditor's Report on Financial Statements

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chula Vista Elementary School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chula Vista Elementary School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chula Vista Elementary School District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2008, on our consideration of Chula Vista Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Chula Vista Elementary School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the combining financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wilkinson Hadley King & Co., LLP

El Cajon, California
October 24, 2008

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

This section of Chula Vista Elementary School District's (CVESD) annual financial reports presents the discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2008. This Management Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements that immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's net assets were \$172,486,132, an increase of approximately 3 percent from the previous year.
- Overall revenues were \$264,064,523 with overall expenditures at \$259,725,401.
- Total District annual Average Daily Attendance (ADA) increased approximately 1.9 percent from 25,974 to 26,479.
- In 2007-08, there were six charter schools in the District with approximately 4,666 in ADA.
- The District's 44th school, Wolf Canyon Elementary, was opened on July 17, 2007.
- Governmental Accounting Standards Board (GASB) Statement 45 was adopted into the 2007-08 financial statements. GASB 45 requires accrual accounting for the expensing of Other Postemployment Benefits (OPEB benefits) over the working career of employees rather than on a pay-as-you go basis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: (1) Management Discussion and Analysis (this section), (2) the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Districtwide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District and report the District's operations in more detail than the Districtwide statements.
- The *governmental funds* statements tell how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- *Proprietary funds* statements offer short-term and long-term financial information about the activities the District operates like businesses.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

Figure A-1
Organization of CVESD's Annual Financial Report

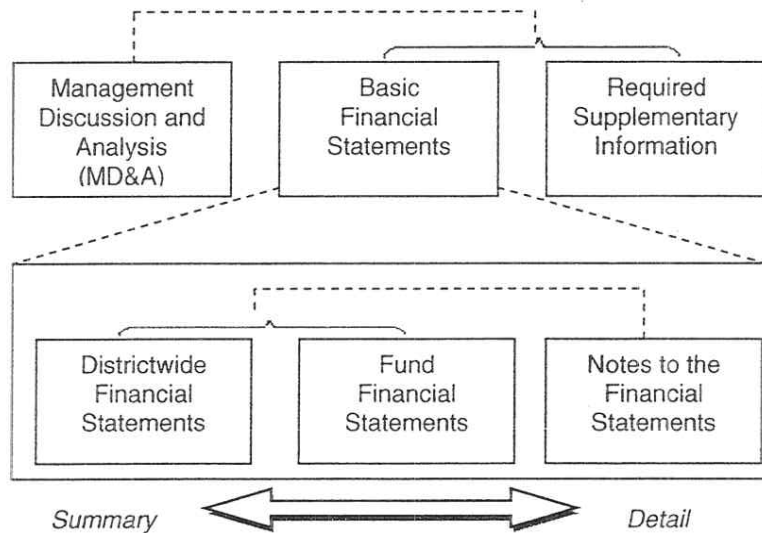


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Districtwide Statements

Figure A-2: Major Features of the Districtwide and Fund Financial Statements

Type of Statements	Districtwide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses such as food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	*statement of net assets	*balance sheet	*statement of net assets	*statement of fiduciary net assets
	*statement of activities	*statement of revenues, expenditures and changes in fund balances	*statement of revenues, expenses, and changes in fund net assets *statement of cash flows	*statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term: Governmental Accounting Standards Board (GASB) funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

The Districtwide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

The two Districtwide statements report the District's net assets and how they have changed. Net assets—the difference between the District's assets and liabilities—are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, one must consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Districtwide financial statements, the District's activities are divided into two categories:

- Governmental activities – All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula revenue limit finance most of these activities.
- Business-type activities – The District does not operate any business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Districtwide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or differences) among them.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

- Proprietary funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Districtwide statements. Enterprise funds or internal service funds are the two types of proprietary funds. The District does not operate any enterprise funds.

We use internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has two internal service funds—the deductible insurance loss (workers' compensation) fund and the deductible property loss fund (Other Postemployment Benefits, OPEB).

- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of charges in fiduciary net assets. We exclude these fiduciary funds from the Districtwide financial statements because the District cannot use assets in these funds to finance its operations.

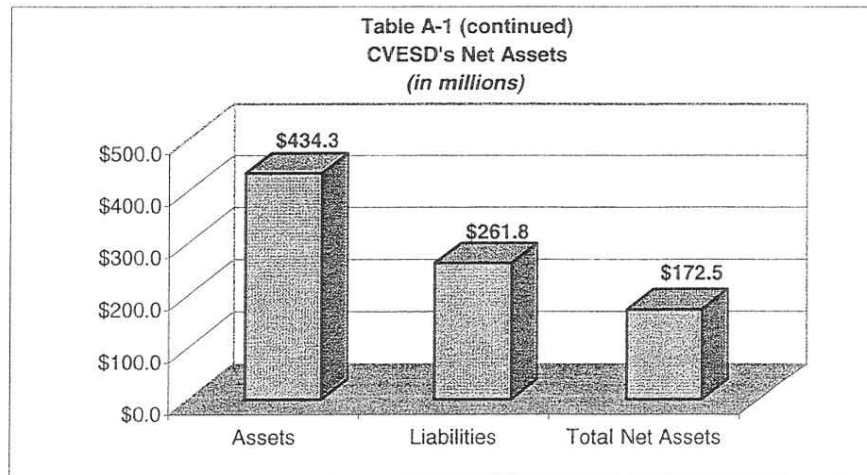
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets

The District's combined net assets (\$172,486,132) increased by \$4,339,122 or approximately three percent from the previous year. The Statement of Net Assets (See Table A-1) provides the perspective of the District as a whole. All of the data is from the District's governmental activities. The District does not operate any business-like entities.

Table A-1 CVESD's Net Assets (in millions)			
	Governmental Activities	Governmental Activities	Pctg. Increase (Decrease)
	<u>2008</u>	<u>2007</u>	
Current & Other Assets	\$ 114.9	\$ 134.0	(14%)
Capital Assets	319.4	319.6	0%
Total Assets	434.3	453.6	(4)%
Long-Term Debt Outstanding	247.4	253.8	(3%)
Other Liabilities	14.4	31.6	(54%)
Total Liabilities	261.8	285.4	(8)%
Net Assets			
Invested in Capital Assets Net of Related Debt	73.5	66.3	11%
Restricted	74.3	80.6	(8%)
Unrestricted	24.7	21.2	17%
Total Net Assets	\$ 172.5	\$ 168.1	3%

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)



The District's improved financial position is the product of many factors. Two events of the past year stand out:

- The District added over \$9.3 million in capital assets (prior to depreciation) for many projects including the completion of Wolf Canyon (\$24.9 million was included in Work in Progress (WIP) for Wolf Canyon in 2006-07).
- The District added approximately \$840,000 in assets for GASB 45 OPEB funding in 2007-08. GASB 45 requires accrual accounting for the expensing of Other Postemployment Benefits (OPEB benefits) over the working career of employees rather than on a pay-as-you go basis.

Changes in Net Assets

The District's total revenues remained relatively constant at \$264,064,523 (see Table A-2). Approximately 68 percent of the total revenue represents property taxes and state/federal formula aid not restricted for specific purposes. Twenty-two percent was received as state and federal aid for specific operating grants. The remaining 10 percent represents miscellaneous revenues, and charges for services.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

Table A-2 Change in CVESD's Net Assets <i>(in millions)</i>			
	Governmental Activities	Governmental Activities	Pctg. Increase (Decrease)
Revenues	<u>2008</u>	<u>2007</u>	
General Revenues	\$ 197.8	\$ 200.7	(0.01)%
Program Revenues	<u>66.3</u>	<u>63.7</u>	4%
Total Revenues	264.1	264.4	(0.01%)
Expenses			
Instruction/Instruction Related	181.1	158.6	14%
Pupil Services	30.8	26.6	16%
General Administration	35.6	32.1	11%
Other Outgo	<u>12.2</u>	<u>24.6</u>	(50%)
Total Expenses	259.7	241.9	7%
Increase (Decrease)	\$ 4.4	\$ 22.5	(81%)

The total cost of all programs rose \$17.8 million or 7 percent to \$259.7 million. Eighty-two percent of District expenses (Instruction/Instruction Related and Pupil Services) directly support the education and care of students (see Table A-2). The most significant contributor to the increase in costs was the \$22.5 million increase in Instruction/Instruction Related costs. The primary reason for the increase was the salary settlement paid in 2007-08 for fiscal years 2006-07 and 2007-08. All six District charter schools were direct-funded charters in the 2007-08 fiscal year. The purely administrative activities (other administration and data processing services) account for just 3 percent of total costs.

In 2008, total revenues exceeded expenses by approximately \$4.4 million. In 2007, revenues exceeded expenses by \$22.5 million.

Governmental Activities

Revenues from the District's governmental activities decreased by less than one percent while total expenses increased 7 percent. Total government revenues were \$264,064,523 (see Table A-3) while government expenditures were \$259,725,401 (see Table A-4).

Table A-3 Revenue for Governmental Activities <i>(in millions)</i>					
	<u>2008</u>	<u>%</u>	<u>2007</u>	<u>%</u>	<u>Change</u>
Program Revenues	\$ 66.3	25%	\$ 63.7	24%	\$ 2.6
General Revenues	<u>197.8</u>	<u>75%</u>	<u>200.7</u>	<u>76%</u>	<u>(2.9)</u>
Total	\$264.1		\$264.4		(\$ 0.3)

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

Property taxes and state aid represent over 90 percent of general revenues with the remaining 10 percent of general revenues consisting of interest earnings, other agency transfers, and miscellaneous income. Program revenues consist of 88 percent from federal, state, and local operating grants and contributions and 12 percent from charges for services.

The table below presents a two-year cost comparison of five of the District's largest functions: instruction, instruction related, pupil services, general administration, and plant services.

Table A-4 Expenditures for Governmental Activities <i>(in millions of dollars)</i>						
Function	Total Cost of Services		Pctg. Change	Net Cost of Services		Pctg. Change
	2008	2007		2008	2007	
Instruction	\$ 155.8	\$ 136.1	14%	\$ 125.4	\$ 103.2	22%
Instruction Related	25.3	22.6	12%	15.7	14.8	6%
Pupil Services	30.8	26.6	16%	15.5	12.4	25%
General Administration	7.2	6.3	14%	5.6	4.1	25%
Plant Services	28.4	25.7	11%	20.0	19.2	4%
Other	12.2	24.6	(50%)	11.2	24.5	(54%)
Total	\$ 259.7	\$ 241.9	7%	\$ 193.4	\$ 178.2	9%

Table A-4 also shows the net cost of each function. The net cost is the total cost of each function less program revenues. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions associated with the each function.

- The cost of all government functions this year was \$259.7 million, an increase of 7 percent.
- Net costs of services were \$193.4 million, representing an increase of 9 percent.
- Most of the District's net costs (\$193.4 million) are paid from taxes levied for general purposes (\$85.4 million) and state aid not restricted for specific purposes (\$93.2 million).
- Specific administrative costs, such as data processing and other general and administrative costs, represented approximately 3 percent of all expenditures in 2007-08 and 2006-07.

Business-Type Activities

The District did not operate any business-type activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance as a whole is reflected in the District's governmental funds. As the District completed the year, the governmental funds reported a combined fund balance of \$172.5 million.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

General Fund Budgetary Highlights

The table below presents a comparison of revenues, expenses, and other sources/uses from the adopted budget to the year-end budget.

<p style="text-align: center;">Table A-5 Budget to Actual Variances <i>(in millions)</i></p>				
	<u>Adopted Budget</u>	<u>Year-End Budget</u>	<u>Actuals</u>	<u>Adopted to Year-End % Change</u>
Total Revenues	\$ 177.2	\$ 193.5	\$ 193.1	9.2%
Total Expenditures	172.4	209.4	197.5	21.5%
Total Other Sources/Uses	3.4	3.4	3.2	(1.9%)

Over the course of the year, the District revised the annual operating budget several times. The budget amendments generally fell into the following categories:

- The net increase in total revenues from the adopted budget to the year-end estimated budget was \$16.3 million and was due primarily to additional budgeting of categorical funds that are only budgeted as awarded funds are received. In addition, unspent funds from the previous year (carryover) were not confirmed until after submission of the adopted budget.
- The net increase in total expenditures budgeted from the adopted to year-end budget was \$37.0 million due to additional categorical funds budgeted as expended in the 2007-08 school year. Additionally, salary negotiations for 2006-07 and 2007-08 were designated in the 2007-08 adopted budget and recorded as expenditures in the year-end budget.

A comparison of the District's 2007-08 unaudited general fund ending fund balance and the final budgeted fund balance showed a \$11.3 million increase in the ending fund balance. The primary factor that led to the increase is noted below:

- The most significant changes were those restricted categorical program amounts not expensed but rather reserved or designated for expenses in 2007-08.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of June 30, 2008, the District had invested \$411.3 million (before depreciation) in a broad range of capital assets including school buildings, school sites, computer equipment, and other building improvements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

<p style="text-align: center;">Table A-6 CVESD Capital Assets <i>(net of depreciation, in millions)</i></p>			
	Governmental Activities	Governmental Activities	Percentage Change
	<u>2008</u>	<u>2007</u>	
Land	\$ 26.9	\$ 23.3	15%
Improvement of Sites	1.7	1.6	6%
Construction in Progress	6.0	29.2	79%
Buildings	282.6	262.9	(7%)
Equipment and Furniture	2.1	2.5	(16%)
Total	\$ 319.3	\$ 319.5	(0.0%)

The \$319.3 million in net capital assets at June 30, 2008, represents a slight decrease in net capital assets of approximately \$195,000 or less than one percent from last year (see Table A-6). Total depreciation expense for the year exceeded 2006-07 by \$9.6 million. More detailed information about capital assets can be found in the notes to the financial statements.

In 2007-08, the District completed the construction of Wolf Canyon Elementary (School Site No. 44). The land for School Site No. 45 was purchased in 2007-08. Roof replacement/repair work was completed at Castle Park, Hilltop, and Vista Square Elementary. Window replacement/repair work was completed at Vista Square Elementary.

Over \$3.5 million is expected to be spent in 2008-09 from the District's capital budgets. Most of the funds will be spent on completing construction of the Corporate Transportation Yard.

Long-Term Debt

At year-end, the District had outstanding over \$247.4 million in general obligation bonds, certificates of participation (COPs), Community Facilities District (CFD) bonds, and other outstanding long-term debt (see Table A-7), which represents a decrease of approximately \$6.5 million from last year. More detailed information about the District's long-term liabilities is presented in the notes of the financial statements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2008
(Unaudited)

<p style="text-align: center;">Table A-7 CVESD Outstanding Long-Term Debt (in millions)</p>			
	Total School District		
	2008	2007	Increase
General Obligation Bonds	\$ 83.1	\$ 85.8	\$ (2.7)
Certificates of Participation	139.1	141.3	(2.2)
Lease Revenue Bonds	16.6	17.0	(0.4)
Capital Lease	6.9	9.0	(2.1)
Other	1.7	0.8	0.9
Total	\$247.4	\$253.9	\$ (6.5)

- No new bonds were issued during 2007-08.
- **Bond rating information.** The District's general obligation bond rating for its last issue (refunding in October 2005) was "AAA." The COPs last issue in 2006 is rated "A." The District is unaware of any condition, economic or otherwise, to cause this rating to change. The District has not been notified of any changes to the ratings.
- **Limitation on debt.** The state limits the amount of debt a district can issue to 1.25 percent of the assessed value of property within a district's boundaries. CVESD's combined direct debt ratio was 0.36 percent as of June 30, 2008.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The District expects the slowdown in the housing market to affect District enrollment in future years.
- The State of California is facing a structural budget deficit in future years, leaving the education budget with unstable fiscal forecasts.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to determine the District's accountability for the money it receives. Additional financial information can be obtained by contacting the Office of the Assistant Superintendent for Business Services and Support, Chula Vista Elementary School District, 84 East "J" Street, Chula Vista, California 91910.

Basic Financial Statements

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities
ASSETS:	
Cash in County Treasury	\$ 68,684,648
Cash on Hand and in Banks	3,791,827
Cash in Revolving Fund	45,000
Cash with a Fiscal Agent/Trustee	16,352,844
Accounts Receivable	20,172,367
Stores Inventories	1,246,621
Prepaid Expenses	4,655,054
Capital Assets:	
Land	26,863,543
Land Improvements	4,890,327
Buildings	360,899,584
Equipment	12,700,887
Work in Progress	5,969,228
Less Accumulated Depreciation	(91,983,177)
Total Assets	<u>434,288,753</u>
LIABILITIES:	
Accounts Payable	12,561,614
Deferred Revenue	1,802,932
Long-term Liabilities	
Due within one year	8,744,327
Due in more than one year	238,693,748
Total Liabilities	<u>261,802,621</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	73,547,049
Restricted For:	
Capital Projects	34,684,165
Debt Service	18,845,862
Educational Programs	20,751,263
Unrestricted	24,657,793
Total Net Assets	<u>\$ 172,486,132</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities				
PRIMARY GOVERNMENT:				
Government Activities:				
Instruction	\$ 155,835,355	\$ 209,108	\$ 30,194,609	\$ (125,431,638)
Instruction-Related Services	25,267,176	231,941	9,350,973	(15,684,262)
Pupil Services	30,761,449	3,231,951	12,061,912	(15,467,586)
General Administration	7,197,470	143,948	1,409,312	(5,644,210)
Plant Services	20,913,422	155,839	1,316,530	(19,441,053)
Ancillary Services	4,982,950	2,498,564	2,069,130	(415,256)
Community Services	2,179,172	1,203,755	1,144,333	168,916
Enterprise	350,530	14,650	30,132	(305,748)
Interest on Long-Term Debt	10,676,347	-	-	(10,676,347)
Other Outgo	1,561,530	15,310	987,402	(558,818)
Total Governmental Activities	259,725,401	7,705,066	58,564,333	(193,456,002)
Total Primary Government	\$ 259,725,401	\$ 7,705,066	\$ 58,564,333	(193,456,002)
General Revenues:				
Taxes and Subventions				85,393,939
Federal and State Revenues, not restricted				93,224,241
Interest and Investment Earnings				4,198,439
Interagency Revenues				279,613
Miscellaneous				14,698,892
Total General Revenues				197,795,124
Change in Net Assets				4,339,122
Net Assets - Beginning				168,147,010
Net Assets - Ending				\$ 172,486,132

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	General Fund	Charter School Fund	Cafeteria Fund
ASSETS:			
Cash in County Treasury	\$ 16,515,947	\$ 8,224,475	\$ 159
Cash on Hand and in Banks	-	-	3,679,637
Cash in Revolving Fund	35,000	10,000	-
Cash with a Fiscal Agent/Trustee	-	-	-
Accounts Receivable	16,665,844	1,637,131	1,610,756
Due from Other Funds	5,146,107	2,586,546	-
Stores Inventories	1,052,169	-	194,452
Prepaid Expenditures	76,130	2,372	-
Total Assets	<u>\$ 39,491,197</u>	<u>\$ 12,460,524</u>	<u>\$ 5,485,004</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 3,714,594	\$ 372,045	\$ 4,376,333
Due to Other Funds	3,031,071	4,030,996	-
Deferred Revenue	1,622,363	180,568	-
Total Liabilities	<u>8,368,028</u>	<u>4,583,609</u>	<u>4,376,333</u>
Fund Balance:			
Reserved Fund Balances:			
Reserve for Revolving Cash	35,000	10,000	-
Reserve for Stores Inventories	1,052,169	-	194,452
Reserve for Prepaid Items	76,128	2,372	-
Designated Fund Balances:			
Designated for Economic Uncertainties	17,406,388	-	-
Other Designated	12,553,484	7,864,543	914,219
Unreserved, reported in nonmajor:			
Debt Service Funds	-	-	-
Total Fund Balance	<u>31,123,169</u>	<u>7,876,915</u>	<u>1,108,671</u>
Total Liabilities and Fund Balances	<u>\$ 39,491,197</u>	<u>\$ 12,460,524</u>	<u>\$ 5,485,004</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Capital Facilities Fund	Blended Component Unit	Other Governmental Funds	Total Governmental Funds
\$ 3,633,416	\$ 15,772,750	\$ 18,586,646	\$ 62,733,393
-	5,512	-	3,685,149
-	-	-	45,000
12,121,838	4,231,006	-	16,352,844
30,989	-	187,100	20,131,820
-	-	24,513	7,757,166
-	-	-	1,246,621
-	-	-	78,502
<u>\$ 15,786,243</u>	<u>\$ 20,009,268</u>	<u>\$ 18,798,259</u>	<u>\$ 112,030,495</u>
\$ 9,037	\$ 139,064	\$ 239,207	\$ 8,850,280
155,930	-	199,640	7,417,637
-	-	-	1,802,931
<u>164,967</u>	<u>139,064</u>	<u>438,847</u>	<u>18,070,848</u>
-	-	-	45,000
-	-	-	1,246,621
-	-	-	78,500
-	-	-	17,406,388
15,621,276	19,870,204	11,635,388	68,459,114
-	-	6,724,024	6,724,024
<u>15,621,276</u>	<u>19,870,204</u>	<u>18,359,412</u>	<u>93,959,647</u>
<u>\$ 15,786,243</u>	<u>\$ 20,009,268</u>	<u>\$ 18,798,259</u>	<u>\$ 112,030,495</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balances - governmental funds balance sheet \$ 93,959,647

Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation.

Capital assets relating to governmental activities at historical cost:	411,323,569	
Accumulated depreciation:	(91,983,177)	
Net:		319,340,392

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in prepaid expense on the statement of net assets are: 4,553,080

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was: (3,707,836)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	83,065,000	
Compensated absences payable	802,017	
Certificates of participation payable	139,130,000	
Capital leases payable	6,947,551	
Lease revenue bonds payable	16,560,000	
Other general long-term debt	90,733	
Total:		(246,595,301)

Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net assets. Net assets for internal service funds are: 4,936,150

Net assets of governmental activities - statement of net assets \$ 172,486,132

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Charter School Fund	Cafeteria Fund
Revenues:			
Revenue Limit Sources:			
State Apportionments	\$ 56,186,653	\$ 12,457,424	\$ -
Local Sources	65,950,387	13,817,446	-
Federal Revenue	11,666,173	1,806,340	5,100,588
Other State Revenue	36,223,151	6,678,316	479,918
Other Local Revenue	23,087,547	855,513	3,345,958
Total Revenues	<u>193,113,911</u>	<u>35,615,039</u>	<u>8,926,464</u>
Expenditures:			
Instruction	121,914,586	22,080,203	-
Instruction - Related Services	21,622,499	3,378,641	-
Pupil Services	20,552,178	1,236,168	8,478,574
Ancillary Services	4,945,627	45,165	-
Community Services	2,178,223	120	-
Enterprise	311,123	-	39,407
General Administration	7,904,123	-	153,116
Plant Services	17,299,203	1,747,561	274,427
Other Outgo	845,682	419,511	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>197,573,244</u>	<u>28,907,369</u>	<u>8,945,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,459,333)</u>	<u>6,707,670</u>	<u>(19,060)</u>
Other Financing Sources (Uses):			
Transfers In	5,512,272	-	-
Transfers Out	(2,299,472)	(5,512,272)	-
Total Other Financing Sources (Uses)	<u>3,212,800</u>	<u>(5,512,272)</u>	<u>-</u>
Net Change in Fund Balance	(1,246,533)	1,195,398	(19,060)
Fund Balance, July 1	32,369,702	6,681,517	1,127,731
Fund Balance, June 30	<u>\$ 31,123,169</u>	<u>\$ 7,876,915</u>	<u>\$ 1,108,671</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Capital Facilities Fund	Blended Component Unit	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 68,644,077
-	-	-	79,767,833
-	-	57,961	18,631,062
-	-	3,838,710	47,220,095
1,473,051	12,546,146	8,493,242	49,801,457
<u>1,473,051</u>	<u>12,546,146</u>	<u>12,389,913</u>	<u>264,064,524</u>
-	-	2,800,444	146,795,233
-	-	341,847	25,342,987
-	-	117,314	30,384,234
-	-	-	4,990,792
-	-	-	2,178,343
-	-	-	350,530
23,373	-	100,868	8,181,480
238,913	251,450	10,409,141	30,220,695
-	-	-	1,265,193
25,000	-	7,417,342	7,442,342
-	-	10,731,720	10,731,720
<u>287,286</u>	<u>251,450</u>	<u>31,918,676</u>	<u>267,883,549</u>
1,185,765	12,294,696	(19,528,763)	(3,819,025)
-	50	13,666,928	19,179,250
-	(11,367,506)	-	(19,179,250)
-	<u>(11,367,456)</u>	<u>13,666,928</u>	<u>-</u>
1,185,765	927,240	(5,861,835)	(3,819,025)
14,435,511	18,942,964	24,221,247	97,778,672
<u>\$ 15,621,276</u>	<u>\$ 19,870,204</u>	<u>\$ 18,359,412</u>	<u>\$ 93,959,647</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds \$ (3,819,025)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	9,605,265	
Depreciation expense:	<u>(9,786,270)</u>	(181,005)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

7,442,343

Debt issue costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period is:

(296,337)

Unmatured interest on long-term debt: in governmental funds, interest on long-term debt is recognized in the period it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

80,312

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

(135,601)

Cost write-off for canceled capital projects: If a planned capital project is canceled and will not be completed, costs previously capitalized as Work in Progress must be written off to expense. Costs written off for canceled projects were:

(13,937)

Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:

(24,941)

Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

1,287,313

Change in net assets of governmental activities - statement of activities \$ 4,339,122

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

JUNE 30, 2008

	Nonmajor Internal Service Fund	Self-Insurance Fund
ASSETS:		
Current Assets:		
Cash in County Treasury	\$ 5,951,254	
Cash on Hand and in Banks	106,678	
Accounts Receivable	40,548	
Due from Other Funds	549,092	
Prepaid Expenditures	23,472	
Total Current Assets	6,671,044	
Total Assets	\$ 6,671,044	
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 3,500	
Due to Other Funds	888,620	
Total Current Liabilities	892,120	
Noncurrent Liabilities:		
Other Postemployment Benefits	842,774	
Total Noncurrent Liabilities	842,774	
Total Liabilities	1,734,894	
NET ASSETS:		
Restricted Net Assets	23,472	
Unrestricted Net Assets	4,912,678	
Total Net Assets	\$ 4,936,150	

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Nonmajor Internal Service Fund
	Self-Insurance Fund
Operating Revenues:	
Local Revenue	\$ 5,023,197
Total Revenues	<u>5,023,197</u>
Operating Expenses:	
Services and Other Operating Expenses	<u>3,735,885</u>
Total Expenses	<u>3,735,885</u>
Income (Loss) before Contributions and Transfers	1,287,312
Change in Net Assets	<u>1,287,312</u>
Total Net Assets - Beginning	3,648,838
Total Net Assets - Ending	<u>\$ 4,936,150</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Nonmajor Internal Service Fund Self Insurance Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 6,238,692
Cash Payments to Other Suppliers for Goods and Services	(3,780,543)
Net Cash Provided (Used) by Operating Activities	<u>2,458,149</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	174,449
Net Cash Provided (Used) for Investing Activities	<u>174,449</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,632,598
Cash and Cash Equivalents at Beginning of Year	3,425,334
Cash and Cash Equivalents at End of Year	<u>\$ 6,057,932</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 1,287,313
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	3,193
Decrease (Increase) in Due From	(321,172)
Decrease (Increase) in Prepaid Expenses	(23,472)
Increase (Decrease) in Accounts Payable	(44,658)
Increase (Decrease) in Due To	888,620
Increase (Decrease) in Long-Term Debt	842,774
Total Adjustments	<u>1,345,285</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,632,598</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Agency Fund	Student Body Fund
ASSETS:		
Cash on Hand and in Banks	\$ 484,849	
Total Assets	\$ 484,849	
LIABILITIES:		
Due to Student Groups	\$ 484,849	
Total Liabilities	484,849	
NET ASSETS:		
Total Net Assets	\$ -	

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

A. Summary of Significant Accounting Policies

Chula Vista Elementary School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has component units. The component units are the Chula Vista Elementary School District Community Facilities Districts. The District is not a component unit of any other reporting entity as defined by the GASB statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Charter School Fund. This fund is used to account for the activities of the District's charter schools.

Capital Facilities Fund: This fund is used to account for the acquisition of capital assets from the use of developer fee funds.

Cafeteria Fund. This fund is used to account separately for the activities of the District's food service operations.

Capital Project Fund for Blended Component Units. This fund accounts for the activities of the District's Community Facilities Districts.

In addition, the District reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds. These funds are to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and other costs.

Capital Projects Funds. These funds are used to account for the proceeds from bond issuances and for the acquisition of capital assets of the district.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

3. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

4. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	25-50
Building Improvements	15-20
Vehicles	8
Office Equipment	5-15
Other Equipment	5-15

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

f. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District.

i. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The reserve for revolving fund and reserve for stores inventory reflect the portions of fund balance represented by revolving fund cash and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

j. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Excess of Expenditures Over Appropriations

As of June 30, 2008 expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Instruction-related services	\$ 46,122
Enterprise	31,253
Plant services	648,985
Other outgo	20,115
Charter School Fund	
Instruction	654,154
Pupil services	1,452
Community services	120
Plant services	54,173
Other outgo	37,187
Cafeteria Fund:	
Instruction-related services	70,480
Enterprise	37,606

D. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$68,684,648 as of June 30, 2008). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$68,684,648. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks (\$4,276,676 as of June 30, 2008) and in the revolving fund (\$45,000) are insured up to \$100,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

3. Investments:

The District's investments at June 30, 2008 are shown below.

<u>Investment or Investment Type</u>	<u>Fair Value</u>
MBIA Special Investment	\$ 1,416,647
Guaranteed Investment Contracts	13,608,399
US Treasury Notes	1,327,798
Total Investments	<u>\$ 16,352,844</u>

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

E. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 23,327,961	\$ 3,535,582	\$ -	\$ 26,863,543
Work in progress	29,237,235	2,848,620	26,116,627	5,969,228
Total capital assets not being depreciated	52,565,196	6,384,202	26,116,627	32,832,771
Capital assets being depreciated:				
Buildings	332,155,029	28,744,555	-	360,899,584
Land improvements	4,662,211	228,116	-	4,890,327
Equipment	12,510,197	355,192	164,502	12,700,887
Total capital assets being depreciated	349,327,437	29,327,863	164,502	378,490,798
Less accumulated depreciation for:				
Buildings	(69,345,853)	(8,937,215)	-	(78,283,068)
Land improvements	(3,034,319)	(152,523)	-	(3,186,842)
Equipment	(9,977,127)	(696,532)	(160,392)	(10,513,267)
Total accumulated depreciation	(82,357,299)	(9,786,270)	(160,392)	(91,983,177)
Total capital assets being depreciated, net	266,970,138	19,541,593	4,110	286,507,621
Governmental activities capital assets, net	\$ 319,535,334	\$ 25,925,795	\$ 26,120,737	\$ 319,340,392

Depreciation was charged to functions as follows:

Instruction	\$ 9,091,294
Instruction-Related Services	11,890
Pupil Services	416,366
General Administration	84,378
Plant Services	182,342
	<u>\$ 9,786,270</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2008 consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
Charter School Fund	General Fund	2,543,039
Child Development Fund	General Fund	12,970
Self Insurance Fund	General Fund	468,686
County School Facilities Fund	General Fund	6,379
General Fund	Charter School Fund	3,957,856
Self Insurance Fund	Charter School Fund	73,012
General Fund	Child Development Fund	151,489
Charter School Fund	Child Development Fund	34,692
Deferred Maintenance Fund	Child Development Fund	5,036
Self Insurance Fund	Child Development Fund	2,847
General Fund	Capital Facilities Fund	155,930
General Fund	Self Insurance Fund	879,804
Self Insurance Fund	Self Insurance Fund	4,676
Charter School Fund	Self Insurance Fund	8,816
General Fund	Deferred Maintenance Fund	900
General Fund	County School Facilities Fund	126
	Total	\$ 8,306,386

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2008 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Charter School Fund	General Fund	\$ 5,512,272
Component Units Fund	Component Units Fund	11,367,456
Component Units Fund	Component Units Fund	50
General Fund	Pupil Transportation Fund	350,000
General Fund	Deferred Maintenance Fund	1,949,472
	Total	\$ 19,179,250

G. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

<u>Description</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax anticipation notes	\$ 15,420,000	\$ 17,065,000	\$ 32,485,000	\$ -

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

H. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2008 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 85,780,000	\$ -	\$ 2,715,000	\$ 83,065,000	\$ 2,845,000
Capital leases	8,984,033	-	2,036,482	6,947,551	2,146,390
Certificates of participation	141,340,000	-	2,210,000	139,130,000	2,445,000
Lease revenue bonds	16,990,000	-	430,000	16,560,000	480,000
Compensated absences *	666,416	135,601	-	802,017	802,017
Net OPEB obligation	-	842,774	-	842,774	-
Other long-term debt	116,653	-	25,920	90,733	25,920
Total governmental activities	\$ 253,877,102	\$ 978,375	\$ 7,417,402	\$ 247,438,075	\$ 8,744,327

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt, net of certificates of participation, at June 30, 2008 are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 6,299,327	\$ 4,816,601	\$ 11,115,928
2010	5,765,761	4,574,180	10,339,941
2011	6,047,905	4,320,148	10,368,053
2012	4,092,308	4,091,653	8,183,961
2013	4,385,000	3,903,408	8,288,408
2014-2018	26,940,000	16,021,009	42,961,009
2019-2023	30,715,000	9,164,902	39,879,902
2024-2028	20,200,000	2,674,836	22,874,836
2029-2033	3,862,774	118,212	3,980,986
Totals	\$ 108,308,075	\$ 49,684,949	\$ 157,993,024

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2008 are as follows:

<u>Year Ending June 30:</u>	
2009	\$ 2,393,507
2010	2,393,507
2011	2,393,507
2012	169,560
2013	25,000
2014-2018	50,000
Total Minimum Lease Payments	7,425,081
Less Amount Representing Interest	(477,530)
Total Net Minimum Lease Payments	<u>\$ 6,947,551</u>

4. Certificates of Participation

Future commitments for certificates of participation as of June 30, 2008 are as follows:

<u>Year Ending June 30,</u>	Principal	Interest	Total
2009	\$ 2,445,000	\$ 5,433,510	\$ 7,878,510
2010	2,790,000	5,330,495	8,120,495
2011	3,360,000	5,207,267	8,567,267
2012	3,760,000	5,062,825	8,822,825
2013	15,990,000	4,903,603	20,893,603
2014-2018	22,780,000	21,846,547	44,626,547
2019-2023	37,760,000	15,827,983	53,587,983
2024-2028	39,225,000	7,013,240	46,238,240
2029-2033	11,020,000	636,145	11,656,145
Totals	<u>\$ 139,130,000</u>	<u>\$ 71,261,615</u>	<u>\$ 210,391,615</u>

I. Joint Ventures (Joint Powers Agreements)

The District participates in one joint powers agreement (JPA) entity, the San Diego County Schools Risk Management (SDCSRM). The relationship between the District and the JPA is such that the JPA is not a component unit of the District.

The JPA arranges for and provides for various types of insurances for its member districts as requested. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

Combined condensed unaudited financial information of the District's share of the JPA for the year ended June 30, 2008 is as follows:

Total Assets	\$ 1,915,118
Total Liabilities	657,740
Total Fund Balance	1,257,378
Total Cash Receipts	2,035,661
Total Cash Disbursements	1,911,965
Net Change in Fund Balance	123,696

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

J. Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the Public Employees' Retirement System (PERS).

PERS:

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-08 was 9.32% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2008, 2007 and 2006 were \$3,489,240, \$2,916,043 and \$2,814,930, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$0.

STRS:

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-08 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal year ending June 30, 2008, 2007 and 2006 were \$9,664,685, \$8,184,613 and \$8,459,805, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$7,334,912.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

K. Postemployment Benefits Other Than Pensions

Plan Description: The Chula Vista Elementary School District (District) administers a single-employer healthcare plan (Plan). The plan provides medical benefits to eligible retirees to age 65 up to an annual maximum. Eligibility for retiree health benefits requires at least 10 years of service and retirement under STRS or PERS. Effective in September of 2007, the District changed the eligibility requirements to a minimum of age 55 with at least 10 years of service and modified the annual maximum. The annual maximum for Certificated and Certificated Management employees was frozen at its current level of \$3,778 and the annual maximum for all other employees was modified to be a fixed amount which varies by age and service at retirement. For all new employees or those acquiring benefits after September 18, 2007, the annual maximum benefit is \$3,778. The plan does not issue a publicly available financial report.

For Certificated employees, the District provides retiree health benefits (including medical, dental and vision) to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical for the retiree only coverage to age 65 subject to the annual maximum benefit allotment. The current maximum is \$3,778 and effective in September of 2007 is not subject to future increases. The District also provides \$1,200 for any eligible retiree waiving coverage. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. The District does not provide any retiree health benefits beyond age 65. Eligibility for retiree health coverage requires retirement under STRS (age 55) with at least 5 years of service. Effective in September of 2007, eligibility for retiree health benefits requires retirement under STRS on or after age 55 with at least 10 years service. Some retirees were grandfathered to 5 years of service.

For Classified employees, the District provides retiree health benefits (including medical, dental and vision) to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical for the retiree only coverage to age 65 subject to an annual maximum benefit allotment. The current maximum is \$7,510. For Classified employees who had health benefits as of September 18, 2007, the maximum is based on age and service at retirement. For Classified employees who become benefit eligible after September 18, 2007 or who are hired after September 18, 2007, the maximum is \$3,778. The District also provides \$1,200 for any eligible retiree waiving coverage. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. The District does not provide any retiree health benefits beyond age 65. Eligibility for retiree health coverage requires retirement under PERS (age 50) with at least 5 years of service. Effective in September of 2007, eligibility for retiree health benefits requires retirement under PERS on or after age 55 with at least 10 years of service.

For Non-Represented employees, the District provides retiree health benefits (including medical, dental and vision) to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical for the retiree only coverage through age 65 subject to an annual maximum benefit allotment. Effective for retirements after September of 2007, the maximum for Certificated management employees is \$3,778 and for all other Non-Represented employees it is based on a table using age and years of service to determine the amount. For any Non-Represented employees hired after September 2007, the annual maximum is \$3,778. For the POS Plan, the District pays an amount equal to the highest retiree only cost for HMO coverage. The District also provides \$1,200 for any eligible retiree waiving coverage. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. The District does not provide any retiree health benefits beyond age 65. Eligibility for retiree health coverage requires retirement under PERS (age 50) or STRS (age 55) with at least 5 years of service. Effective September 2007 eligibility for retiree health benefits requires retirement under PERS or STRS on or after age 55 with at least 10 years of service.

Funding Policy: Beginning in the 2007-08 fiscal year, the District began accruing the retiree health benefits in accordance with GASB Statement No. 45. The expense is generally accrued over the working career of employees. In accordance with GASB Statement No. 45 the District's expense for the fiscal year ended June 30, 2008 is \$1,789,708.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

Annual OPEB Cost and Net OPEB Obligation: The District's annual other postemployment benefits (OPEB) cost (expense) is based on the annual required contribution of the employer (ARC). The District's expense is comprised of the present value of benefits accruing in the current year (normal cost) plus a 30 year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability (past service liability). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the fiscal year ended June 30, 2008, the amount actually contributed to the plan, and charges in the District's net OPEB obligation to the plan:

Annual required contribution	<u>\$1,789,708</u>
Contributions made	946,934
Increase in net OPEB obligation	842,774
Net OPEB obligations-beginning of year	<u>-</u>
Net OPEB obligations-end of year	<u><u>\$842,774</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2008 is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$1,789,708	53%	\$842,774

Funded Status and Funding Progress: As of June 30, 2008, the accrued liability for benefits was \$1,789,708, of which \$842,774 is unfunded. The District has deposited into their Self-Insurance Fund \$842,774 which is the amount of amortized unfunded liability as of June 30, 2008. The covered payroll (annual payroll of active employees covered by the plan) was \$161,411,029, and the ratio of unfunded actuarial accrued liability to the covered payroll was 9.2 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The following assumptions were made:

Retirement eligibility age: The earliest retirement age assumed for employees who participate in STRS is age 55 and those participating in PERS is age 50.

Participation rate: 85% of future active employees are assumed to elect retiree health coverage at retirement. Of those electing coverage approximately 25% are assumed to elect coverage for their spouse. Spouses are assumed to be the same age as retiree.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

Claim cost development: The valuation was based on the medical premiums furnished by the District. The District participates in the Southern California Schools VEBA which is considered a community-rated plan. It was assumed that withdrawal of the District from the VEBA would not materially change the premiums charged under the VEBA. The average annual premium costs for medical coverage used in the valuation were provided as follows.

Coverage	Certificated Employees	Classified Employees
Represented	\$3,673	\$3,833
Non-Represented	\$3,667	\$3,961

Medical trend rates: The expected rate of increase in healthcare insurance premiums ranged from a rate of 10.0 percent initially, reduced to a rate of 5.0 percent after 10 years, was used.

Future increase on District's maximum annual contribution: No future increases were assumed.

Actuarial Cost Method: The actuarial cost method used was Projected Unit Credit with service prorate. Under this method, the Actuarial Accrued Liability is the present value of projected benefits multiplied by the ratio of benefit service as of the valuation date to the projected benefit service at retirement, termination, disability or death. The Normal Cost for a plan year is the expected increase in the Accrued Liability during the year. All employees eligible as of the measurement date in accordance with the provisions of the plan listed in the data provided by the District were included in the valuation.

Actuarial value of assets: Any assets of the plan will be valued on a market value basis.

L. Commitments and Contingencies

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

M. Subsequent Events

The District issued \$20,000,000 of Tax Revenue Anticipation Notes (TRANS) with an interest rate of 3.50% dated July 1, 2008. This TRANS was sold to supplement the District's cash flow and matures on June 30, 2009. Repayment requirements are that 50% of principal and interest be repaid on January 31, 2009 and on April 30, 2009.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 41,691,822	\$ 42,556,112	\$ 56,186,653	\$ 13,630,541
Local Sources	78,687,403	79,459,143	65,950,387	(13,508,756)
Federal Revenue	10,601,404	13,449,000	11,666,173	(1,782,827)
Other State Revenue	28,444,329	34,638,030	36,223,151	1,585,121
Other Local Revenue	17,798,371	23,404,923	23,087,547	(317,376)
Total Revenues	<u>177,223,329</u>	<u>193,507,208</u>	<u>193,113,911</u>	<u>(393,297)</u>
Expenditures:				
Instruction	109,343,566	132,661,121	121,914,586	10,746,535
Instruction - Related Services	16,650,345	21,576,377	21,622,499	(46,122)
Pupil Services	17,780,281	21,344,795	20,552,178	792,617
Ancillary Services	4,077,040	5,656,899	4,945,627	711,272
Community Services	-	2,219,409	2,178,223	41,186
Enterprise	179,309	279,870	311,123	(31,253)
General Administration	7,527,215	8,203,984	7,904,123	299,861
Plant Services	16,063,096	16,650,218	17,299,203	(648,985)
Other Outgo	769,078	825,567	845,682	(20,115)
Total Expenditures	<u>172,389,930</u>	<u>209,418,240</u>	<u>197,573,244</u>	<u>11,844,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,833,399</u>	<u>(15,911,032)</u>	<u>(4,459,333)</u>	<u>11,451,699</u>
Other Financing Sources (Uses):				
Transfers In	4,775,561	5,658,853	5,512,272	(146,581)
Transfers Out	(1,350,000)	(2,299,472)	(2,299,472)	-
Total Other Financing Sources (Uses)	<u>3,425,561</u>	<u>3,359,381</u>	<u>3,212,800</u>	<u>(146,581)</u>
Net Change in Fund Balance	8,258,960	(12,551,651)	(1,246,533)	11,305,118
Fund Balance, July 1	<u>32,369,702</u>	<u>32,369,702</u>	<u>32,369,702</u>	-
Fund Balance, June 30	<u>\$ 40,628,662</u>	<u>\$ 19,818,051</u>	<u>\$ 31,123,169</u>	<u>\$ 11,305,118</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-2

CHARTER SCHOOL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 12,417,335	\$ 12,461,421	\$ 12,457,424	\$ (3,997)
Local Sources	13,452,112	13,815,221	13,817,446	2,225
Federal Revenue	1,451,393	2,073,999	1,806,340	(267,659)
Other State Revenue	6,516,291	6,970,171	6,678,316	(291,855)
Other Local Revenue	438,033	948,222	855,513	(92,709)
Total Revenues	<u>34,275,164</u>	<u>36,269,034</u>	<u>35,615,039</u>	<u>(653,995)</u>
Expenditures:				
Instruction	19,586,693	21,426,050	22,080,203	(654,153)
Instruction - Related Services	3,004,734	3,425,962	3,378,641	47,321
Pupil Services	1,308,857	1,234,716	1,236,168	(1,452)
Ancillary Services	36,721	248,088	45,165	202,923
Community Services	-	-	120	(120)
Plant Services	1,782,570	1,693,388	1,747,561	(54,173)
Other Outgo	582,324	382,324	419,511	(37,187)
Total Expenditures	<u>26,301,899</u>	<u>28,410,528</u>	<u>28,907,369</u>	<u>(496,841)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,973,265</u>	<u>7,858,506</u>	<u>6,707,670</u>	<u>(1,150,836)</u>
Other Financing Sources (Uses):				
Transfers Out	(4,775,561)	(5,658,853)	(5,512,272)	146,581
Total Other Financing Sources (Uses)	<u>(4,775,561)</u>	<u>(5,658,853)</u>	<u>(5,512,272)</u>	<u>146,581</u>
Net Change in Fund Balance	3,197,704	2,199,653	1,195,398	(1,004,255)
Fund Balance, July 1	6,681,517	6,681,517	6,681,517	-
Fund Balance, June 30	<u>\$ 9,879,221</u>	<u>\$ 8,881,170</u>	<u>\$ 7,876,915</u>	<u>\$ (1,004,255)</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-3

CAFETERIA FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal Revenue	\$ 5,050,654	\$ 5,100,000	\$ 5,100,588	\$ 588
Other State Revenue	312,151	470,000	479,918	9,918
Other Local Revenue	3,112,444	3,189,993	3,345,958	155,965
Total Revenues	<u>8,475,249</u>	<u>8,759,993</u>	<u>8,926,464</u>	<u>166,471</u>
Expenditures:				
Pupil Services	7,883,661	8,408,094	8,478,574	(70,480)
Enterprise	1,801	1,801	39,407	(37,606)
General Administration	298,979	288,033	153,116	134,917
Plant Services	469,095	529,095	274,427	254,668
Total Expenditures	<u>8,653,536</u>	<u>9,227,023</u>	<u>8,945,524</u>	<u>281,499</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(178,287)</u>	<u>(467,030)</u>	<u>(19,060)</u>	<u>447,970</u>
Net Change in Fund Balance	(178,287)	(467,030)	(19,060)	447,970
Fund Balance, July 1	1,127,731	1,127,731	1,127,731	-
Fund Balance, June 30	<u>\$ 949,444</u>	<u>\$ 660,701</u>	<u>\$ 1,108,671</u>	<u>\$ 447,970</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

CHULA VISTA ELEMENTARY SCHOOL DISTRICT RETIREE HEALTH PROGRAM

YEAR ENDED JUNE 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/08	\$ -	\$ 14,914,955	\$ 14,914,955	-	\$ 161,411,029	9.2%

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 1,473,215	\$ 6,724,024	\$ 10,389,407	\$ 18,586,646
Accounts Receivable	93,612	-	93,488	187,100
Due from Other Funds	18,134	-	6,379	24,513
Total Assets	<u>\$ 1,584,961</u>	<u>\$ 6,724,024</u>	<u>\$ 10,489,274</u>	<u>\$ 18,798,259</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 235,070	\$ -	\$ 4,137	\$ 239,207
Due to Other Funds	199,513	-	127	199,640
Total Liabilities	<u>434,583</u>	<u>-</u>	<u>4,264</u>	<u>438,847</u>
Fund Balance:				
Designated Fund Balances:				
Other Designated	1,150,378	-	10,485,010	11,635,388
Unreserved, reported in nonmajor:				
Debt Service Funds	-	6,724,024	-	6,724,024
Total Fund Balance	<u>1,150,378</u>	<u>6,724,024</u>	<u>10,485,010</u>	<u>18,359,412</u>
Total Liabilities and Fund Balances	<u>\$ 1,584,961</u>	<u>\$ 6,724,024</u>	<u>\$ 10,489,274</u>	<u>\$ 18,798,259</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 57,961	\$ -	\$ -	\$ 57,961
Other State Revenue	3,775,132	63,578	-	3,838,710
Other Local Revenue	182,484	6,540,624	1,770,134	8,493,242
Total Revenues	<u>4,015,577</u>	<u>6,604,202</u>	<u>1,770,134</u>	<u>12,389,913</u>
Expenditures:				
Instruction	2,800,444	-	-	2,800,444
Instruction - Related Services	341,847	-	-	341,847
Pupil Services	117,314	-	-	117,314
General Administration	100,868	-	-	100,868
Plant Services	2,592,204	-	7,816,937	10,409,141
Debt Service:				
Principal	25,920	7,271,166	120,256	7,417,342
Interest	-	10,707,416	24,304	10,731,720
Total Expenditures	<u>5,978,597</u>	<u>17,978,582</u>	<u>7,961,497</u>	<u>31,918,676</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,963,020)</u>	<u>(11,374,380)</u>	<u>(6,191,363)</u>	<u>(19,528,763)</u>
Other Financing Sources (Uses):				
Transfers In	2,299,472	11,367,456	-	13,666,928
Total Other Financing Sources (Uses)	<u>2,299,472</u>	<u>11,367,456</u>	<u>-</u>	<u>13,666,928</u>
Net Change in Fund Balance	336,452	(6,924)	(6,191,363)	(5,861,835)
Fund Balance, July 1	813,926	6,730,948	16,676,373	24,221,247
Fund Balance, June 30	<u>\$ 1,150,378</u>	<u>\$ 6,724,024</u>	<u>\$ 10,485,010</u>	<u>\$ 18,359,412</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2008

	Child Development Fund	Deferred Maintenance Fund	Pupil Transportation Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 528,110	\$ 580,321	\$ 364,784	\$ 1,473,215
Accounts Receivable	84,388	6,529	2,695	93,612
Due from Other Funds	13,098	5,036	-	18,134
Total Assets	<u>\$ 625,596</u>	<u>\$ 591,886</u>	<u>\$ 367,479</u>	<u>\$ 1,584,961</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 106,117	\$ 128,953	\$ -	\$ 235,070
Due to Other Funds	198,613	900	-	199,513
Total Liabilities	<u>304,730</u>	<u>129,853</u>	<u>-</u>	<u>434,583</u>
Fund Balance:				
Designated Fund Balances:				
Other Designated	320,866	462,033	367,479	1,150,378
Total Fund Balance	<u>320,866</u>	<u>462,033</u>	<u>367,479</u>	<u>1,150,378</u>
Total Liabilities and Fund Balances	<u>\$ 625,596</u>	<u>\$ 591,886</u>	<u>\$ 367,479</u>	<u>\$ 1,584,961</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Child Development Fund	Deferred Maintenance Fund	Pupil Transportation Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:				
Federal Revenue	\$ 57,961	\$ -	\$ -	\$ 57,961
Other State Revenue	2,936,532	838,600	-	3,775,132
Other Local Revenue	103,916	75,353	3,215	182,484
Total Revenues	<u>3,098,409</u>	<u>913,953</u>	<u>3,215</u>	<u>4,015,577</u>
Expenditures:				
Instruction	2,800,444	-	-	2,800,444
Instruction - Related Services	341,847	-	-	341,847
Pupil Services	117,314	-	-	117,314
General Administration	100,868	-	-	100,868
Plant Services	180,258	2,411,946	-	2,592,204
Debt Service:				
Principal	25,920	-	-	25,920
Total Expenditures	<u>3,566,651</u>	<u>2,411,946</u>	<u>-</u>	<u>5,978,597</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(468,242)</u>	<u>(1,497,993)</u>	<u>3,215</u>	<u>(1,963,020)</u>
Other Financing Sources (Uses):				
Transfers In	-	1,949,472	350,000	2,299,472
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,949,472</u>	<u>350,000</u>	<u>2,299,472</u>
Net Change in Fund Balance	(468,242)	451,479	353,215	336,452
Fund Balance, July 1	789,108	10,554	14,264	813,926
Fund Balance, June 30	<u>\$ 320,866</u>	<u>\$ 462,033</u>	<u>\$ 367,479</u>	<u>\$ 1,150,378</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

JUNE 30, 2008

	Bond Interest & Redemption	Total Nonmajor Debt Service Funds (See Exhibit C-1)
ASSETS:		
Cash in County Treasury	\$ 6,724,024	\$ 6,724,024
Total Assets	<u>\$ 6,724,024</u>	<u>\$ 6,724,024</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance:		
Unreserved, reported in nonmajor:		
Debt Service Funds	\$ 6,724,024	\$ 6,724,024
Total Fund Balance	<u>6,724,024</u>	<u>6,724,024</u>
Total Liabilities and Fund Balances	<u>\$ 6,724,024</u>	<u>\$ 6,724,024</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Bond Interest & Redemption	Blended Component Unit	Total Nonmajor Debt Service Funds (See Exhibit C-2)
Revenues:			
Other State Revenue	\$ 63,578	\$ -	\$ 63,578
Other Local Revenue	6,540,624	-	6,540,624
Total Revenues	<u>6,604,202</u>	<u>-</u>	<u>6,604,202</u>
Expenditures:			
Debt Service:			
Principal	2,715,000	4,556,166	7,271,166
Interest	3,896,126	6,811,290	10,707,416
Total Expenditures	<u>6,611,126</u>	<u>11,367,456</u>	<u>17,978,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,924)</u>	<u>(11,367,456)</u>	<u>(11,374,380)</u>
Other Financing Sources (Uses):			
Transfers In	-	11,367,456	11,367,456
Total Other Financing Sources (Uses)	<u>-</u>	<u>11,367,456</u>	<u>11,367,456</u>
Net Change in Fund Balance	(6,924)	-	(6,924)
Fund Balance, July 1	6,730,948	-	6,730,948
Fund Balance, June 30	<u>\$ 6,724,024</u>	<u>\$ -</u>	<u>\$ 6,724,024</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2008

	Building Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 1,724,539	\$ 8,664,868	\$ 10,389,407
Accounts Receivable	14,845	78,643	93,488
Due from Other Funds	-	6,379	6,379
Total Assets	<u>\$ 1,739,384</u>	<u>\$ 8,749,890</u>	<u>\$ 10,489,274</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ -	\$ 4,137	\$ 4,137
Due to Other Funds	-	127	127
Total Liabilities	<u>-</u>	<u>4,264</u>	<u>4,264</u>
Fund Balance:			
Designated Fund Balances:			
Other Designated	1,739,384	8,745,626	10,485,010
Total Fund Balance	<u>1,739,384</u>	<u>8,745,626</u>	<u>10,485,010</u>
Total Liabilities and Fund Balances	<u>\$ 1,739,384</u>	<u>\$ 8,749,890</u>	<u>\$ 10,489,274</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Building Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Other Local Revenue	\$ 272,439	\$ 1,497,695	\$ 1,770,134
Total Revenues	<u>272,439</u>	<u>1,497,695</u>	<u>1,770,134</u>
Expenditures:			
Plant Services	29,251	7,787,686	7,816,937
Debt Service:			
Principal	120,256	-	120,256
Interest	24,304	-	24,304
Total Expenditures	<u>173,811</u>	<u>7,787,686</u>	<u>7,961,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>98,628</u>	<u>(6,289,991)</u>	<u>(6,191,363)</u>
Net Change in Fund Balance	98,628	(6,289,991)	(6,191,363)
Fund Balance, July 1	1,640,756	15,035,617	16,676,373
Fund Balance, June 30	<u>\$ 1,739,384</u>	<u>\$ 8,745,626</u>	<u>\$ 10,485,010</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Supplementary Information Section

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2008

The Chula Vista Elementary School District was established in 1892 and is comprised of an area of approximately 103 square miles in San Diego County. There were no changes in the boundaries of the district during the current fiscal year. The district is currently operating forty four elementary schools and is the largest kindergarten through grade six district in the state. In April 1994, the district authorized the Mueller Elementary Charter School which provides education to students in grades K-8. In July 1994, the district authorized the Clear View Charter School which provides education to students in grades K-6. In July 1994, the district authorized the Discovery Charter School which provides education to students in grades K-6. In August 1997, the district authorized the Feaster-Edison Charter School which provides education to students in grades K-6. In July 1998, the district authorized the Chula Vista Learning Community Charter School which provides education to students in grades K-6. In May 2002, the district authorized the Arroyo Vista Charter School which provides education to students in grades K-6.

<u>Governing Board</u>		
<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Mr. Larry Cunningham	President	Four Year Term Expires December 2010
Mr. Patrick A. Judd	Vice President	Four Year Term Expires December 2008
Mrs. Pamela B. Smith	Clerk	Four Year Term Expires December 2010
Mr. David Bejarano	Member	Two Year Term Expires December 2008
Mrs. Bertha J. Lopez	Member	Four Year Term Expires December 2010

<u>Administration</u>
Dr. Lowell J. Billings Superintendent
Dr. Thomas J. Cruz Assistant Superintendent Human Resources Services
Mrs. Susan Fahle Assistant Superintendent Business Services

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

YEAR ENDED JUNE 30, 2008

TABLE D-1

	Second Period Report	Annual Report
Elementary:		
Kindergarten	2,725.83	2,742.22
Grades 1 through 3	8,976.86	8,991.64
Grades 4 through 6	9,248.70	9,275.85
Home and hospital	8.49	9.05
Special education	787.46	794.40
Elementary totals	<u>21,747.34</u>	<u>21,813.16</u>
Charter schools		
Kindergarten	621.30	623.50
Grades 1 through 3	1,918.56	1,916.47
Grades 4 through 6	2,005.11	2,005.61
Grades 7 and 8	119.08	118.42
Special education	1.63	1.63
Charter school totals	<u>4,665.68</u>	<u>4,665.63</u>
ADA totals	<u>26,413.02</u>	<u>26,478.79</u>
	Hours of Attendance	
Summer School		
Elementary	164,218	

Average daily attendance is a measurement of the number of pupils attending classes of the district. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2008

TABLE D-2

Grade Level	1982-83 Actual Minutes	1986-87 Minutes Requirement	2007-08 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Elementary schools:						
Kindergarten	33,120	36,000	36,000	-	180	Complied
Grade 1	46,320	50,400	54,500	-	180	Complied
Grade 2	46,320	50,400	54,500	-	180	Complied
Grade 3	46,320	50,400	54,500	-	180	Complied
Grade 4	48,080	54,000	54,000	-	180	Complied
Grade 5	48,080	54,000	54,000	-	180	Complied
Grade 6	48,080	54,000	54,000	-	180	Complied
Charter schools:						
Kindergarten	31,680	36,000	36,000	-	180	Complied
Grade 1	44,880	50,400	53,210	-	180	Complied
Grade 2	44,880	50,400	54,110	-	180	Complied
Grade 3	44,880	50,400	54,110	-	180	Complied
Grade 4	52,800	54,000	54,110	-	180	Complied
Grade 5	52,800	54,000	54,110	-	180	Complied
Grade 6	52,800	54,000	54,110	-	180	Complied
Grade 7	52,800	54,000	62,240	-	180	Complied
Grade 8	52,800	54,000	62,240	-	180	Complied

Districts, including basic aid districts, must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201. This schedule is required of all districts, including basic aid districts.

The district has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the district and whether the district complied with the provisions of Education Code Sections 46200 through 46206.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2008

TABLE D-3

General Fund	(Budget) 2009	2008	2007	2006
Revenues and other financial sources	\$ 186,406,511	\$ 198,626,183	\$ 201,270,204	\$ 181,431,311
Expenditures, other uses and transfers out	187,760,470	199,872,716	184,902,586	179,128,466
Change in fund balance (deficit)	(1,353,959)	(1,246,533)	16,367,618	2,302,845
Ending fund balance	\$ 29,769,210	\$ 31,123,169	\$ 32,369,702	\$ 16,002,084
Available reserves	\$ 29,084,210	\$ 29,959,871	\$ 31,535,539	\$ 14,970,342
Available reserves as a percentage of total outgo	15.5%	15.0%	17.1%	8.4%
Total long-term debt	\$ 238,693,748	\$ 247,438,075	\$ 253,877,102	\$ 260,882,412
Average daily attendance at P-2	26,396	26,413	25,897	25,513

This schedule discloses the district's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the district's ability to continue as a going concern for a reasonable period of time.

The general fund balance has increased by \$17,423,930 over the past three years. The fiscal year 2008-09 budget projects a decrease of \$1,353,959. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, other uses and transfers out.

Total long-term debt has increased by \$14, 545,172 over the past three years.

Average daily attendance (ADA) has increased by 1,280 over the past three years.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

TABLE D-4

The fund balances for all funds as reported in the accompanying audited financial statements are in agreement with the fund balances reported by the district in their unaudited financial statements.

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2008

TABLE D-5

The Chula Vista Elementary School District charts the following six charter schools:

<u>Charter Schools</u>	<u>Included In Audit?</u>
Arroyo Vista Charter School	Yes
Chula Vista Learning Community Charter School	Yes
Clear View Charter School	Yes
Discovery Charter School	Yes
Feaster-Edison Charter School	Yes
Mueller Elementary Charter School	Yes

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF EXCESS SICK LEAVE
YEAR ENDED JUNE 30, 2008

TABLE D-6

The following disclosure is made for excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5:

<u>Titles of Employees Exhibiting Excess Sick Leave</u>	<u>Is Excess Sick Leave Authorized By Employee's Contract?</u>	<u>Was Excess Sick Leave Found To Be Accrued For Employee?</u>	<u>Contract Authorizing Excess Sick Leave</u>	<u>Is Excess Sick Leave Authorized In Teachers' Contract?</u>
None	N/A	N/A	N/A	N/A

Authorized or accrued sick leave was not identified in the employment contracts or sick leave accrual records for the superintendent or other CalSTRS administrator. The District follows the guidelines for sick leave that is consistent with applicable state law and policy for CalSTRS administrative employees.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

TABLE D-7
Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U. S. DEPARTMENT OF THE INTERIOR</u>			
Direct Program:			
Wild Life Restoration *	15.611	-	\$ 14,160
Total U. S. Department of the Interior			14,160
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Programs:			
Medi-Cal *	93.778	-	227,251
Child Development *	93.596	-	57,961
Total Direct Programs			285,212
Total U. S. Department of Health and Human Services			285,212
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Impact Aid - P.L. 81.874	84.041	-	578,335
Foreign Language Incentive	84.293	-	40,794
Emergency Response For School Safety	84.184	-	11,967
Total Direct Programs			631,096
Passed Through State Department of Education:			
Title I	84.010	03064	4,579,117
Special Education *	84.027	03379	4,442,790
Preschool *	84.173	03379	251,414
Title IV - Drug Free	84.186	03064	88,389
Even Start Family Literacy	84.213	14331	207,000
Title II - Teacher Quality	84.281	03207	549,969
Title V - Innovative	84.298	03073	18,208
Title II - Technology	84.318	14334	32,910
Reading First Grant	84.357	03264	1,232,199
Title III - Immigration	84.365	04201	184,383
Title III - LEP	84.365	04203	595,902
Title II - Math and Science	84.366	14512	413,819
Title II - Principal Training	84.367	04036	3,600
Total Passed Through State Department of Education			12,599,700
Total U. S. Department of Education			13,230,796
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education:			
National School Lunch Program *	10.555	03396	5,100,588
Total U. S. Department of Agriculture			5,100,588
<u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u>			
Direct Program:			
Promotion of the Arts	45.024	-	306
Total National Foundation on the Arts and the Humanities			306
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 18,631,062

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008****1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Chula Vista Elementary School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

2. Subrecipients

Of the federal expenditures presented in the schedule, Chula Vista Elementary School District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title I	84.010	\$ 5,092
Title II Teacher Quality	84.281	10,502
Title II Technology	84.318	607
Title IV Drug Free	84.186	1,799
Title V Innovative	84.298	273
Total Provided to Subrecipients		<u>\$ 18,273</u>

Other Independent Auditor's Reports

Wilkinson Hadley King & Co. LLP
CPA's and Advisors
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Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chula Vista Elementary School District as of and for the year ended June 30, 2008, which collectively comprise the Chula Vista Elementary School District's basic financial statements and have issued our report thereon dated October 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chula Vista Elementary School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Chula Vista Elementary School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chula Vista Elementary School District's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Chula Vista Elementary School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Chula Vista Elementary School District's financial statements that is more than inconsequential will not be prevented by the Chula Vista Elementary School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Chula Vista Elementary School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chula Vista Elementary School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Chula Vista Elementary School District in the schedule of findings and questioned costs. Chula Vista Elementary School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Chula Vista Elementary School District's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilkinson Hadley King & Co., LLP

El Cajon, California
October 24, 2008

Wilkinson Hadley King & Co. LLP
CPA's and Advisors
250 E. Douglas Ave
El Cajon, CA 92020
Tel 619-447-6700 Fax 619-447-6707

Report on Compliance with Requirements Applicable
To each Major Program and on Internal Control over Compliance
In Accordance With OMB Circular A-133

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

Compliance

We have audited the compliance of Chula Vista Elementary School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Chula Vista Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Chula Vista Elementary School District's management. Our responsibility is to express an opinion on Chula Vista Elementary School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chula Vista Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Chula Vista Elementary School District's compliance with those requirements.

In our opinion, Chula Vista Elementary School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Chula Vista Elementary School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Chula Vista Elementary School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chula Vista Elementary School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilkinson Hadley King & Co., LLP

El Cajon, California
October 24, 2008

Wilkinson Hadley King & Co. LLP
CPA's and Advisors
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Tel 619-447-6700 Fax 619-447-6707

Auditor's Report on State Compliance

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

We have audited the basic financial statements of the Chula Vista Elementary School District ("District") as of and for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2008. Our audit was made in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2007-08*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures In Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Adult Education	9	Not Applicable
Regional Occupational Centers and Programs	6	Not Applicable
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Community Day Schools	9	Not Applicable
Morgan-Hart Class Size Reduction Program	7	Not Applicable
Instructional Materials:		
General Requirements	12	Yes
Grades K-8 Only	1	Yes
Grades 9-12 Only	1	Not Applicable
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	Not Applicable
GANN Limit Calculation	1	Yes

School Construction Funds:		
School District Bonds	3	Yes
State School Facilities Funds	1	Yes
Excess Sick Leave	2	Yes
Notice of Right to Elect California State Teachers		
Retirement System (CalSTRS) Membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Not Applicable
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	Yes
Class Size Reduction Program (Including In Charter Schools):		
General Requirements	7	Yes
Option One Classes	3	Yes
Option Two Classes	4	Not Applicable
Only One School Serving Grades K-3	4	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Yes
After School	4	Yes
Before School	5	Yes
Contemporaneous Records of Attendance, For Charter Schools	1	Yes
Mode of Instruction, for Charter Schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, For Charter Schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based		
Instruction, For Charter Schools	3	Not Applicable
Annual Instructional Minutes - Classroom Based, For Charter Schools	3	Yes

The term "Not Applicable" is used above to mean either that the District did not offer the program during the current fiscal year or that the program applies only to a different type of local education agency.

Based on our audit, we found that, for the items tested, Chula Vista Elementary School District complied with the state laws and regulations referred to above, except as described in the Findings and Recommendations section of this report. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Chula Vista Elementary School District had not complied with the state laws and regulations.

This report is intended solely for the information and use of the Board of Trustees, management, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wilkinson Radley King & Co., LLP

El Cajon, California
October 24, 2008

Findings and Recommendations Section

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are
are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial
statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.010	Title I
84.027	Special Education
84.357	Reading First
84.365	Title III

Dollar threshold used to distinguish between
type A and type B programs: \$558,932

Auditee qualified as low-risk auditee? X Yes No

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are
are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance
for state programs: Unqualified

B. Financial Statement Findings

Finding 2008-1 (30000)
Current Liabilities

Criteria or Specific Requirement

Determine that all amounts due the general fund for reimbursement of salaries and benefits paid by the general fund on behalf of other funds are completed timely.

Condition

In our review of the cafeteria fund current liabilities balance at year end, we noted the fund had accrued a substantial amount of salaries and benefits payable to the general fund. We determined the cafeteria fund had not reimbursed and paid any of the salaries and benefits to the general fund on a timely basis for the current fiscal year. The charges and amounts due were not being monitored effectively; therefore, timely reimbursement of costs were not made.

Questioned Costs

None

Recommendation

We recommend that procedures be implemented that will ensure the cafeteria fund reimburses the general fund in a timely manner. The amounts due the general fund should be monitored on a monthly basis to ensure timely reimbursement.

LEA's Response

The District has implemented procedures to review the monthly current liability of the cafeteria fund, and all other funds, and make timely reimbursements to the general fund as cash flow from the other funds permit. During the 2008-09 fiscal year, reimbursements are being made monthly to the general fund.

C. Federal Award Findings and Questioned Costs

None

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

D. State Award Findings and Questioned Costs

Finding 2008-2 (40000)

After School Education and Safety Program-Before School Component

Criteria or Specific Requirement

Determine that the local education agency operating the After School Education and Safety Program is compliant with the state components for the before school program.

Condition

In review of parent notices, policy sheets, and other relevant program documentation for the before school program offered for Silver Wing Elementary School, a late arrival policy was established through utilization of a late arrival authorization form that was used for students that arrived late for the program; however, these forms were not completed on a consistent basis and the late arrival times listed on the forms did not always agree to the actual sign-in times of the students on a daily basis. We tested five students for the period January through March 2008 and noted that the students arrived late to the program a significant number of days and in some instances the sign-in times could not be vouched to the late arrival authorization form or the form could not be located. In addition, some days were counted where the student attended less than half time of the daily program hours and upon further review, some days were counted where the student did not sign in or there is no arrival time listed.

In review of parent notices, policy sheets, and other relevant program documentation for the before school program offered for Palomar Elementary School, a late arrival policy was established through utilization of a late arrival authorization form that was used for students that arrived late for the program; however, these forms were not completed on a consistent basis and the late arrival times listed on the forms did not always agree to the actual sign-in times of the students on a daily basis. We tested five students for the period January through March 2008 and noted that the students arrived late to the program a significant number of days and in some instances the sign-in times could not be vouched to the late arrival authorization form or the form could not be located. In addition, some days were counted where the student attended less than half time of the daily program hours and upon further review, some days were counted where the student did not sign in or there is no arrival time listed.

Questioned Costs

Silver Wing Elementary School - a total of 146 days are questioned for the students tested. Palomar Elementary School - a total of 123 days are questioned for the students tested.

Recommendation

Implement procedures to ensure each student that arrives late for the before school program at Silver Wing Elementary School has a proper late arrival authorization form on file or meets the specified policy and that the late arrival times listed on the form coincide with the sign-in times of the student on a daily basis. Require each child to sign into the program upon daily arrival in order to justify the student's attendance is at least half time of the daily program hours. Provide sufficient support to ensure that each pupil meets or exceeds one-half of the daily program hours, except as consistent with the late daily arrival policy.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Implement procedures to ensure each student that arrives late for the before school program at Palomar Elementary School has a proper late arrival authorization form on file or meets the specified policy and that the late arrival times listed on the form coincide with the sign-in times of the student on a daily basis. Require each child to sign into the program upon daily arrival in order to justify the student's attendance is at least half time of the daily program hours. Provide sufficient support to ensure that each pupil meets or exceeds one-half of the daily program hours, except as consistent with the late daily arrival policy.

LEA's Response

The District has implemented a late arrival form and procedures at all schools that have a before school component of the After School Education and Safety program to ensure that each student has a late arrival form on file at the school. Additionally, the District is requiring that the student sign into the program daily upon arrival to justify student attendance is at least half of the daily program hours and to ensure the sign-in time is consistent with the late arrival form.

Finding 2008-3 (40000)

After School Education and Safety Program-After School Component

Criteria or Specific Requirement

Determine that the local education agency operating the After School Education and Safety Program is compliant with the state components for the after school program.

Condition

In review of parent notices, policy sheets, and other relevant program documentation for the after school program offered for Silver Wing Elementary School, an early release policy was established through utilization of an early release form that was used for students that left the program early; however, these forms were not completed on a consistent basis and the early release times listed on the forms did not always agree to the actual sign-out times of the students on a daily basis. We tested five students for the period January through March 2008 and noted that the students left the program early a significant number of days and in some instances the sign-out times could not be vouched to the early release form or the form could not be located. In addition, some days were counted where the student did not sign out or there was no release time listed.

In review of parent notices, policy sheets, and other relevant program documentation for the after school program offered for Palomar Elementary School, an early release policy was established through utilization of an early release form that was used for students that left the program early; however, these forms were not completed on a consistent basis and the early release times listed on the forms did not always agree to the actual sign-out times of the students on a daily basis. We tested five students for the period January through March 2008 and noted that the students left the program early a significant number of days and in some instances the sign-out times could not be vouched to the early release form or the form could not be located. In addition, some days were counted where the student did not sign out or there was no release time listed.

Questioned Costs

Silver Wing Elementary School - a total of 148 days are questioned for the students tested. Palomar Elementary School - a total of 139 days are questioned for the students tested.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Recommendation

Implement procedures to ensure each student that leaves early for the after school program at Silver Wing Elementary School has a proper early release form on file or meets the specified policy and that the early release times listed on the form coincide with the sign-out times of the student on a daily basis. Require each child to sign out of the program upon daily release in order to justify the student's participation in the program. Provide sufficient support to ensure that each pupil that signs out early from the program have an early release form completed that coincides with the actual time signed out on a daily basis.

Implement procedures to ensure each student that leaves early for the after school program at Palomar Elementary School has a proper early release form on file or meets the specified policy and that the early release times listed on the form coincide with the sign-out times of the student on a daily basis. Require each child to sign out of the program upon daily release in order to justify the student's participation in the program. Provide sufficient support to ensure that each pupil that signs out early from the program have an early release form completed that coincides with the actual time signed out on a daily basis.

LEA's Response

The District has implemented an early release form and procedures at all schools that have an after school component of the After School Education and Safety program to ensure that each student has an early release form on file at the school. Additionally, the District is requiring that the student sign out of the program daily upon release to justify student participation in the program and to ensure that the sign-out time is consistent with the early release form.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no findings reported in the June 30, 2007 audit.		